

BULLET BACKGROUND PAPER

ON

PRIME VENDOR

PURPOSE

To provide the BCE with the capability to purchase work order materials directly from commercial vendors contracted by the Defense Supply Center Philadelphia (DSCP).

BACKGROUND

- 1992 SECDEF tasked DoD to revolutionize business practices in conjunction with QDR
 - 3-Year Prime Vendor test great success - focused on Medical and Subsistence commodities
- 1997 DEPSECDEF issued MRM #12, "Expanded Use of Prime Vendor Contract Instruments"
 - Targeted facility/construction materials
 - Called for worldwide implementation strategy by 6/99
- 1998 DRID #45 - "Prime Vendor Contracting for Facility Maintenance Supplies" directed each agency to:
 - Identify facility maintenance sites that should thoroughly evaluate the program
 - Work with DLA to develop implementation plans & provide local POCs for target sites

DISCUSSION

- Benefits:
 - Total material support from one supplier (electrical, plumbing, HVAC, paint, lumber, tools)
 - Direct vendor access with emphasis on customer support/service
 - Response times driven by material required delivery dates – competitive with IMPAC
 - Reduced warehouse and residue accounts
 - Credit return of excess ordered material
 - Multiple job consolidation delivery option - delivered 100% complete where/when needed
 - Surge/contingency capabilities
 - Interfund billing eliminates dependency on IMPAC – no micropurchase thresholds
- Current status - Air Force implementation
 - CEMAS – PV automated interface developed, implemented at Keesler AFB Nov 98
 - Within 6 mos became standard purchasing tool – eliminated one manpower slot
 - Dover, Shaw, Kadena, Elmendorf, Eielson, Hickam, Andrews, Pope, Edwards & AF Academy now operating with interface
 - Schreiver, Travis, Columbus, Dyess, McChord, Fairchild & Scott will implement Mar 00
 - Costs averaging 5-10% higher but worth the expense (time saved in manpower, IMPAC bill reconciliation and shopping) – expect to see reduced costs as more bases participate
 - IMPAC is also still available for short-notice requirements

CONCLUSION

- A mature Prime Vendor program represents true acquisition reform
 - Automated processes have significantly reduced IMPAC's administrative burden
 - The Air Force benefits by combining purchasing power with DLA and sister services
- For more info, check www.afcesa.af.mil, *Management Practices, Logistics*